



state senator Ron Alting

2005 LEGISLATIVE UPDATE

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The State Budget: Holding the Line on Spending

LEGISLATURE PASSES FIRST BALANCED BUDGET IN 10 YEARS

The Indiana General Assembly has passed a balanced two-year state budget that holds the line on spending, eliminates the structural deficit, adds no new state taxes, provides \$4 billion in property tax replacement credits and adds \$112.4 million to K-12 education.

Senate Republicans voted to control state spending while boosting funding for K-12 education, scholarships for higher education and child protection. Medicaid funding is held to a 5 percent increase. This is in contrast to the 10 percent in the current biennium.

The passage of this budget bill is quite an accomplishment. To overcome a \$600 million structural deficit and end up with reserves – all without new state taxes – is no small feat.

Education funding remained a top priority by the Senate Republicans. The school funding formula is driven by an innovative approach that funds children as individuals instead of simply funding corporations. Special factors are taken into consideration, such as poverty, single parent families and free lunches, when determining the level of funding that is to follow a child.

The General Assembly continually has increased education spending in past years, even when other states were cutting education. In 2003, Indiana had the highest increase of K-12 funding in the country – during a national recession. The new budget

gives more money and funding options to Indiana public schools than have ever been given in the history of the state.

Additionally, the state is distributing to local governments \$4 billion in property tax replacement credits (PTRC), in an effort to provide relief to homeowners and other property tax payers. Local governments and schools keep 99.9 percent of all property taxes, which are levied by local governments and schools. Half of all revenue raised by the state sales tax is used for PTRC, as is 14 percent of the income tax and nearly a half billion dollars every year from the wagering tax.

Earlier in the session, Senate Republicans voted to pass a measure to reform the property tax system by giving local governments an option to shift the property tax burden to an income tax in order to be more fair and equitable to Hoosiers. The initiative was successful in the Senate but failed to receive consideration in the House of Representatives when the bill met substantial opposition from local government officials.

The new budget is a prescription for positive change in Indiana. It is the first balanced budget crafted by legislators in 10 years. I strongly support efforts to keep spending down while providing adequate funding for essential services.

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Fighting Meth

Methamphetamine production has become widespread in our state, and this year the legislature has proven its commitment to curbing this criminal activity.

In 2003, Indiana law enforcement seized 422 meth labs, a figure higher than any other Midwestern state, according to the Drug Enforcement Administration.

It is difficult to catch meth producers. All of the ingredients needed to manufacture meth can be purchased legally, and are relatively inexpensive. For example, an investment of \$1,000 in easily purchased ingredients can produce \$20,000 worth of meth.

This year, we passed a bill to regulate the sale and purchase of meth precursors in the hope of reducing production in Indiana. Senate Enrolled Act 444 includes a variety of measures designed to stop the production of meth by placing restrictions on the sale and purchase of drugs containing ephedrine or pseudoephedrine, commonly found in over the counter cold and allergy medicines.

Retailers must store such drugs in a locked display case or behind a counter that requires employee assistance. Pharmacies may place the drugs directly in front of the pharmacy counter in the line of sight of a pharmacy employee and in an area under constant video monitoring.

Customers purchasing these drugs must present identification and record their identifying information in a log book provided and maintained by the retailer.

The bill bars retailers from selling the drugs to individuals under age 18 and allows no more than 3 grams of drugs containing ephedrine or pseudoephedrine in any one transaction. It also prevents customers from purchasing more than 3 grams of such drugs in a single week.

Meth production has become a significant problem in Indiana. We have no choice but to fight back with every available weapon.

Alting Helps Lafayette-Area Schools

Role on Education Committee & Work to Revive Bills Will Help Our Schools

This year's session of the Indiana General Assembly ended April 29. This was a particularly busy session in which we handled a number of critical issues for our state. I want to take the time to tell you about a few issues of importance to our area.

As many of you may recall, on March 1, 2005, Democrats in the Indiana House of Representatives walked out, preventing many bills from moving forward in the Indiana General Assembly. Two of these bills concerned our local area, but fortunately I was able to save them. I amended language into House Bill 1120, which allows West Lafayette School Corporation to create an academic foundation. This is a valuable tool to provide an additional source of funding to the West Lafayette School Corporation.

School funding for the Tippecanoe County area saw a dramatic increase from the first proposed House version. The increase for Lafayette School Corporation is \$3,582,876; \$1,415,189 for West Lafayette School Corporation, and \$4,934,058 for Tippecanoe Community School Corporation. I was successful in amending language into the budget from a 1986 referendum clause allowing Lafayette School Corporation to receive an additional \$950,000.

In addition, the post-secondary schools in our area received more funds. Purdue University's main campus here in West Lafayette received an additional \$2,538,526 and will receive a higher increase

Sen. Alting honored Purdue basketball Coach Gene Keady on the Senate floor on the occasion of his retirement to thank him for his years of service to the Purdue and Lafayette communities.



in the second year of the budget. Ivy Tech State College received the largest increase among our state's institutes of higher education with an 8.6 percent increase, totaling \$11,918,205. I am proud of the funds that we have provided for our schools, particularly those in our area.

These were important victories in school funding for our area. Concerning the importance of education in our community and my role as the Ranking Member of the Senate Education and Career Development Committee, I take this issue very seriously. I am proud of what we were able to do for our local schools this year and plan to work just as hard during the next budget session.



Sen. Alting instructs his intern, David.

Alting's New Law To Help Curb Underage And Excessive Drinking

I authored a measure that will require all servers to complete a new training program. Senate Enrolled Act 382 establishes the certification of Alcohol Server Training programs.

This measure establishes an Alcohol Server Training program for servers and bartenders. I authored this proposal because I believe it will be extremely beneficial for our servers to be properly trained on serving alcohol.

A program such as this one has been established in over 20 other states. In other states, similar legislation has contributed to a decrease in the sale of alcohol to minors. This program can also reduce the number of impaired drivers on the roads. I am confident that this program will provide a safer environment for Hoosiers, both on our roads and in restaurants and bars.

This new law will impact approximately 10,000 retail establishments that have existing permits to serve alcohol within their facilities. This measure requires approximately 100,000 employees to complete the certified training program before Jan. 1, 2008.

Alting Passes Safety Bill

I also authored Senate Enrolled Act 30, which extends the Rail Corridor Safety Committee and adds additional members to the Lake County Regional Transportation Authority.

The Rail Corridor Safety Committee studies the safety of rail corridors at overpasses, underpasses and crossings. The committee also reviews the railroad safety records and studies methods of encouraging cooperation among the railroads and local, state and federal governments to enhance their safety.

Indiana has one of the highest occurrences of railroad crossing fatalities in the nation, and I hope this bill will play a major role in preventing traffic deaths.

This committee is very important in ensuring the safety of Hoosiers not only on trains, but also at rail crossings.

BIOFUELS:

Good for the Environment and the Economy

Two significant clean energy initiatives have become law.

House Enrolled Act 1032 requires state government to fuel state vehicles with agriculture-based fuels, such as biodiesel, ethanol, or gasohol, whenever possible. Biodiesel is a clean burning alternative fuel, produced from domestic, renewable resources such as soybeans. Biodiesel contains no petroleum, but it can be blended at any level with petroleum diesel. This helps improve air quality and our economy by taking advantage of resources from right here in Indiana.

Senate Enrolled Act 378 will expand the tax incentives passed during the 2003 legislative session on the production and use of Indiana soy diesel and ethanol fuels and provide additional incentives for clean coal gasification plants. This bill covers all facets of processing — from soybean crushers to oil refineries to the service stations that will supply the fuel — while growing the demand for agricultural commodities and increasing farmers' profits. Ethanol production plants cost around \$79 million to build and don't receive these tax breaks until they are making a profit in our state.

SEA 378 provides an additional \$5 million for bio-diesel production, which will be divided into \$1 million sections for the refineries, wholesale, blenders, and service stations that carry the fuel. The bill also expands the tax credit from \$10 million to \$20 million for large ethanol and soy diesel production plants.

This will provide a great opportunity for both soy diesel and ethanol plants.

Additionally, SEA 378 provides tax credits for companies who build and operate integrated coal gasification power plants in Indiana. Coal gasification is the process of using Indiana's high sulfur-coal and transforming it into clean-burning energy.

Our state's use of coal has not kept up with our production. Since 1987, coal consumption in Indiana has increased by 30 percent, while Indiana's coal production has increased by only 3 percent. Over half of the coal used to generate electricity is imported into Indiana. If Indiana coal were to replace imported coal, it would add \$1.35 billion and 18,000 jobs to our state's economy.

With rising gas prices and pollution, this source of energy has great potential. The fuel is cheaper and better for our environment. The economic possibilities are fantastic.



Sen. Alting discusses legislation with a member of the Senate fiscal staff.

A Victory for Taxpayers & Employers

I worked hard this session to establish the enterprise zone investment deduction, which allows a taxpayer who makes a qualified investment to obtain a deduction against the assessed value of a taxpayer's property located in an enterprise zone.

This legislation, amended into HEA 1120, also establishes the enterprise zone personal property deduction that provides a deduction against the assessed value of the taxpayer's personal property located in an enterprise zone to a maximum of \$250,000. The measure allows a taxpayer to assign the enterprise zone investment cost credit and provides that trusts, estates, corporations, and pass through entities that make qualified investments in enterprise zone businesses may claim the enterprise zone investment cost credit. The current law allows only individuals to claim the credit, except in Vigo County, where pass-through entities are also eli-

Making dollars & sense of SCHOOL FUNDING

Indiana has had a long history of strong financial support for education, spanning several administrations. In 2003, during a national recession, our state had the highest increase of K-12 funding in the country. Funding for public education is our top priority and by far the largest part of our state budget.

Indiana ranks 17th in the nation for per pupil spending and 16th in average teacher salaries; 10th highest with cost of living adjustments. In the 2003 budget session, we provided a total formula dollar increase of 1.6 percent for 2004 and 1.7 percent for 2005. With Capital Project Fund Transfers included, the total formula increases were 3.3 percent and 2.9 percent. From 1993 to 2003, K-12 spending grew 69.3 percent. Compare that to a growth in K-12 enrollment of only 4.2 percent. During the same period, all-in spending (including federal dollars) increased from \$5.4 billion to \$9.3 billion.

Some corporations have lost 30 percent of their enrollment in the last six years but have seen their funding per child increase by as much as 75 percent. Meanwhile, corporations with growing enrollments currently are receiving less than full funding for each new



LEFT: Sen. Alting talks with student pages from the Lafayette area. Students from 6th-12th grade can visit the Statehouse for a day to learn about the General Assembly and watch legislative session.

enrollee. The minimum guarantee has shifted our focus from children to corporations and fails to maximize the use of dollars where they are needed — with the children.

In lieu of this old-fashioned method, there should be a standard amount of funding for every child while allocating additional money for children who have multiple needs. If a school corporation grows and adds children, that basic level of funding should be provided for each additional child. Our focus needs to be on the approximately one million children we are funding, rather than on corporations.

The Senate's school funding plan recognizes that every child deserves a foundation of funding. The formula first determines an amount needed for the "basic" education of each child. Additional funding is disbursed based on other needs and achievements.

Hoosiers express concern about education performance and the "brain drain" problem. In a time when the state must utilize a limited amount of money, it is imperative that we pinpoint every dollar toward the individual child to achieve maximum efficiency. If the citizens of Indiana want to fund public education successfully, we must focus on our greatest investment: the well-educated child.

In recent budget years, the state has increased education funding significantly. We now have a \$600 million structural deficit that must be eliminated. Our state's financial problems are difficult for many Hoosiers to accept, but we believe they will be temporary. In the meantime, the Senate just proposed a generous overall increase to education funding, in addition to a more equitable formula. As our fiscal condition improves, we can look forward to a continuation of the General Assembly's commitment to education.

Indiana: Open for Business!

This year, lawmakers faced the difficult task of pulling Indiana out of a fiscal crisis. While much of that was done in the crafting of the two-year budget, the only permanent way to ensure financial stability is by creating more jobs and putting more money in Hoosiers' pockets.

To create this economic development, the General Assembly combined ideas from the governor with plans from both the Senate and the House of Representatives. These initiatives came in the form of Senate Enrolled Acts 1 and 496.

These two laws contain dozens of provisions that make the state more attractive to companies looking to relocate, existing businesses wishing to expand and entrepreneurs looking for an incentive to start a business.

One of the most important ideas was a sales tax break for research and development equipment. This will encourage high-tech, innovative jobs that help to improve a state's wellbeing and reputation. Following the governor's lead, the General Assembly also took particular interest in the motor racing industry. SEA 1 includes provisions that exempt professional motor racing parts from sales tax and adds "professional motor vehicle racing" to the list of businesses that qualify for the Venture Capital Investment Tax Credit.

The measures also made other tax credits such as Hoosier Business Investment Tax Credits easier to qualify for. In other bills, the General Assembly enable communities to be "shovel-ready" for property development (HEA 1653), allowed farmers to switch to more lucrative operations (SEA 67) and streamlined the Indiana Economic Development Corporation, which will be responsible for recruiting outside business (HEA 1003).

The 2005 session of the General Assembly may be remembered as one of the most important and aggressive sessions yet for making Indiana open for business.



Sen. Alting addresses members of the Senate.

State Senator Ron Alting was presented
with the 2005 Small Business Champion Award, given by the Indiana Chamber of Commerce.
This prestigious award recognizes legislators who actively support small business advocacy and growth.